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Vietnam: Hanoi's new leadership may already face problems in maintaining a balance between its two major allies.

Chou En-lai's sudden departure from Hanoi immediately after short discussions with the post-Ho leadership may reflect a reluctance by the North Vietnamese to engage in substantive discussions with the Chinese at this time. In his meetings with the North Vietnamese leaders Chou undoubtedly registered Peking's views on the conduct of the war and the Paris negotiations. There is nothing in the communiqué concerning the Chinese delegation's departure to indicate Hanoi's reaction to these views. It is possible that the makeup of the Chinese funeral delegation will provide a better clue to the state of Chinese - North Vietnamese relations.

Chou may also have been reluctant to be in Hanoi when a Soviet delegation arrived. He remained less than 24 hours, returning to Peking the same day that he arrived.

Soviet Premier Kosygin left Moscow on 5 September at the head of the Soviet delegation that will attend Ho's funeral. The Soviet delegation, apart from Kosygin, does not appear to be an especially high-powered one.

The Soviet message of condolence to the North Vietnamese outlines Moscow's main hopes for the new leadership by implying that it should concentrate on developing and strengthening the socialist regime in the North.

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Enemy military activity during the night of 4-5 September was typical of the "highpoint" tactics the Communists have adopted since early spring.

Although 86 enemy shellings were reported, mostly against military targets in III and IV corps, along with a few ground attacks northwest of Saigon, allied casualties and damage were light. US military installations in Da Nang were hit severely early today, however, resulting in three US soldiers killed and 112 wounded. The Communists may intend to sustain this level of action until their cease—fire begins on Monday.

Brazil: The government has agreed to meet the demands of Ambassador Elbrick's kidnapers.

Foreign Minister Magalhaes Pinto announced yesterday that the government is ready to release the 15 political prisoners demanded by the kidnapers. The prisoners include prominent extremist student leaders, Communists, and other left-wing radicals. The kidnapers said they would release the ambassador when the 15 are in Algeria, Chile, or Mexico. The Mexican and Chilean governments have offered to accept them, and the Brazilians intend to fly them to Mexico this morning.

The National Liberating Action (ALN) -- one of the two signers of the ransom manifesto--has not been positively identified. The pro-Castro Carlos Marighella and his group are probably the most effective terrorists in Brazil. They have been responsible, for example, for many robberies as well as for the assassination of US Army Captain Chandler in Sao Paulo last October. Their involvement in the kidnaping could account for the professionalism displayed by the abductors.

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Two more incidents involving student terrorists have occurred in Sao Paulo. On 3 September police killed at least one student in a gun battle, and on 4 September two student terrorists were killed when their car exploded as they attempted to move a load of dynamite.

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Libya: The military junta is slowly restoring public services, but its political goals are still unclear.

With no resistance in sight, the new regime is turning its attention to the restoration of vital services. Electricity and water are available in urban centers and attempts are being made to clean the streets. Civilian police have reappeared to direct traffic during the periods when the curfew is not in effect. The junta has also ordered that food stores, pharmacies, and other shops hold their prices steady. It plans to reopen banks and permit internal air travel next week.

The junta is seeking to reassure the business community. At a meeting with a select group of Benghazi businessmen, a spokesman for the junta stated that the new regime's goal of "socialism" will be directed at social reform rather than nationalization.

The military, however, i	
ister the country alone. Gov	vernment ministries re-
main closed and the normal by	reaucratic machinery
has ground to a standstill.	
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Western Europe: European Communities (EC) issues will probably dominate the talks in Bonn next week between Chancellor Kiesinger and President Pompidou.

The British have requested that Bonn raise the issue of EC enlargement during the talks. Kiesinger has said that UK entry would be an important theme of the discussion. He has also expressed the hope that Pompidou would provide a more precise picture of French intentions in Europe. The Germans want to get down to serious discussions, but the French will probably try to keep the talks general but friendly.

Bonn is moving closer to the French position that the problem of financing the common agricultural policy (CAP) must be solved before British entry. Bonn is prepared to try to reach agreement on CAP financing by the end of the year. A German official told US Embassy officials that UK interests would be kept in mind during any CAP negotiations and that a CAP settlement need not be "evertastingly permanent."

Bonn anticipates that an EC summit meeting could be held as early as November. French officials do not want to hold the summit until early in 1970. This French view, combined with German desires for adequate summit preparations, will probably preclude such a meeting prior to December.

with no definitive settlement of outstanding problems.

Four days of hard bargaining in New Delhi reportedly did not produce final agreement on the key issue of future mutual security and intelligence arrangements. New Delhi apparently has not yet given formal consent to the Nepalese timetable for the early and complete evacuation of Indian personnel from checkposts near the Tibet-Nepal frontier. Press reports indicate, however, that progress was made on this issue as well as on proposals for restructuring India's 50-man military advisory group in Kathmandu.

A joint statement issued at the conclusion of the talks reflects a generally cordial atmosphere, but discloses that final decisions on security arrangements will be temporarily postponed. Trade, transit, and boundary demarcation problems are expected to be taken up again in New Delhi in October.

Further progress in resolving issues, particularly the Indian military presence in Nepal, probably can be reached only at the highest political level. This opportunity may arise during King Mahendra's stopovers in India en route to Europe this week and on his return in October.

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